



Department of Justice

United States Attorney Gregory G. Lockhart
Southern District of Ohio

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CONTACT: Fred Alverson
(614) 469-5715

NINE CHARGED IN MORTGAGE FRAUD SCHEME

COLUMBUS – A federal grand jury here has returned a 68-count indictment charging nine people with conspiracy, tax evasion, wire fraud, bank fraud and money laundering for their roles in a mortgage fraud scheme that involved more than 500 pieces of property and more than \$25 million in mortgage loans in the central Ohio area between 2003 and 2006.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and J. Mark Batts, Acting Special Agent in Charge, Federal Bureau of Investigation, announced the indictment returned late yesterday.

The indictment alleges that the defendants conspired to exaggerate the value of real estate properties in and around Columbus, Ohio, both to lending institutions and to prospective purchasers. The prospective buyers had been recruited largely because of their relative ignorance regarding real estate business and investment practices.

The defendants allegedly used fraudulent documents to misrepresent the credit worthiness of those purchasers to lending institutions in order to get the institutions to approve excessive mortgage loans secured by the inflated-value properties.

The indictment charges:

DONALD F. GREEN, age 48, of Columbus. Green sold rental properties he owned as part of the scheme.

SHAWN A. GRIFFIN, age 37, of Cleveland, a real estate investor who recruited unwitting buyers.

GEORGE T. "Terry" JORDAN, age 50, of Canal Winchester, a licensed real estate agent who helped arrange the sales.

ARYEH M. SCHOTTENSTEIN, age 33, of Oak Park, Michigan, real estate investor who helped recruit individual and organizational investors.

JEFFREY M. LIEBERMAN, age 56, of Bexley, real estate appraiser who helped prepare exaggerated appraisals of the properties.

DWAYNE L. CARTER, age 37, of Columbus, loan officer who helped arrange the sales.

JONATHAN L. BOYD, age 38, of Columbus, loan officer who helped arrange the sales.

JAMES DARNEIL GAITHER, age 37, of Columbus, appraiser who helped prepare exaggerated appraisals of the properties.

KENYATTA JOHNSON, age 37, of Michigan, loan officer with ABN AMRO who helped arrange the sales.

A typical pitch used to lure prospective buyers would be to tell them they could buy property with no money down and, in fact, that they would receive money back at closing. They would also be told that they would not be responsible for monthly payments and that repairs would be made to the property without costing them anything.

The defendants allegedly used fraudulent documents and phony appraisals to overstate the value of the properties involved. They would secure mortgages based on the inflated value of the properties, promise repairs and improvements on the property, then take the money and leave the buyer owing more than the property was worth.

The indictment alleges three counts of conspiracy punishable by up to five years imprisonment and a \$250,000 fine, four counts of tax evasion punishable by up to five years imprisonment and a \$250,000 fine, 25 counts of wire fraud each punishable by up to 20 years imprisonment and a \$1 million fine, nine counts of bank fraud punishable by up to 30 years imprisonment and a \$1 million fine, and 25 counts of money laundering punishable by up to 10 years imprisonment and a \$250,000 fine.

“While financial institutions are the victims of such crimes, entire neighborhoods pay the price,” Lockhart said. “Mortgage fraud leaves in its wake vacant houses with liens much larger than the properties are worth.”

Lockhart commended the investigation by IRS and FBI agents and Assistant U.S. Attorney Daniel A. Brown, who is prosecuting the case.

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